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## Romania

### Wine

## Wine Market Overview 2008

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**Report Highlights:**

Romania is among the top ten wine producers in the EU, with a 2007 domestic market value of 450 million Euro. Annual per capita wine consumption is around 30 liters. According to the Romanian Wine Producers and Exporters Association (APEV), although wine imports declined in the first half of 2007 by 26.6%, total 2007 imports were twice the value of exports. Imports come primarily from Italy, Spain and France.

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Includes PSD Changes: No  
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Bucharest [RO1]  
[RO]

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## Executive Summary

Wine is the third Romanians preference for alcoholic beverages, after beer and hard liquors. Domestic wine production in 2007 reached 5.5 million hectoliters. The highest percent of Romanian production is white wine (70-75%), while red wine represents just 25-30%. Presently, in Romania there are 8 wine areas and 37 vineyards.

Annual Romanian wine consumption per capita is around 30 liters, compared with 59 liters in France and 47 liters in Spain. Romania is classified as middle consumption country among EU countries. Data on popular types of wine in Romania shows that white wine is the most popular, followed by semi-sweet and semi-dry reds.

Romania as a new EU member state adopted the EU trade regime. According to the Romanian Wine Producers and Exporters Association (APEV), wine imports have decreased during the first half of 2007 by 26.6%, but total 2007 imports were still twice the value of exports.

Presently, 72.8% of the market is covered by four big producers; however this situation is fluid as the Romanian market grows and price competition increases. Principal producers are: Murfatlar, Jidvei, Cotnari and Vincon.

In terms of volume, the biggest wine quantity is distributed through the Hotel/Restaurant/Catering sector ("HoReCa") (30.2%), small food stores (28.3%), supermarkets (21%), and big food stores (9.7%), while only 5.4% of wine is bought in general stores and 5.4% in boutiques.

In order to maintain a balance between supply and demand due to overproduction of wine in the EU, the European Council agreed to reform the Common Market Organization for wine.

## Production

The line largest EU wine producers are France, Italy and Spain which represent more than 50% of the world's wine production. Romania is in 6<sup>th</sup> place among EU countries, based on land surface under vineyards as a percent of arable hectares. (See Table 1)

Wine is among the top three Romanian preferences for alcoholic beverages, after beer and hard liquors. Based on data provided by the National Vineyard Growers and Wine Producers Association (PNVV), domestic wine production in 2007 was 5.5 million hectoliters, down 27% from 2006, but production was of superior quality. Domestic turnover in 2007 was estimated at 450 million Euros, and the prediction for 2008 is 5-10% increase which will bring it up to 500 million Euros. Among the factors influencing the upward trend are investments in technology and vineyards, increased competition, and evolving tastes.

Romania has 177,085 hectares of vineyards, out of 240,000 hectares negotiated with EU Committee. Vineyards cover about 1.5 percent of country's agricultural land, generating some 12-15 percent of the agricultural output value. Domestic wine production grew by 20% in 2007 compared with 2006, reaching 5.5 million hectoliters, with higher quality. (See graph 2)

Table 1 – Europe wine production in 2007 (Source EUROSTAT)

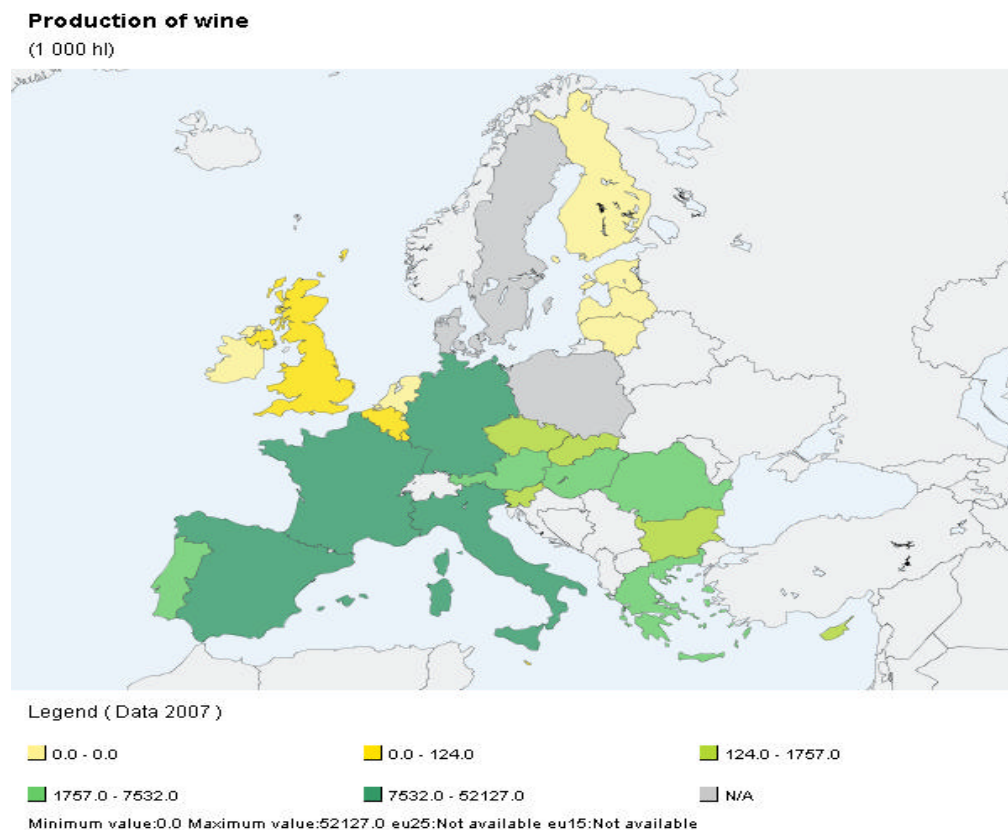
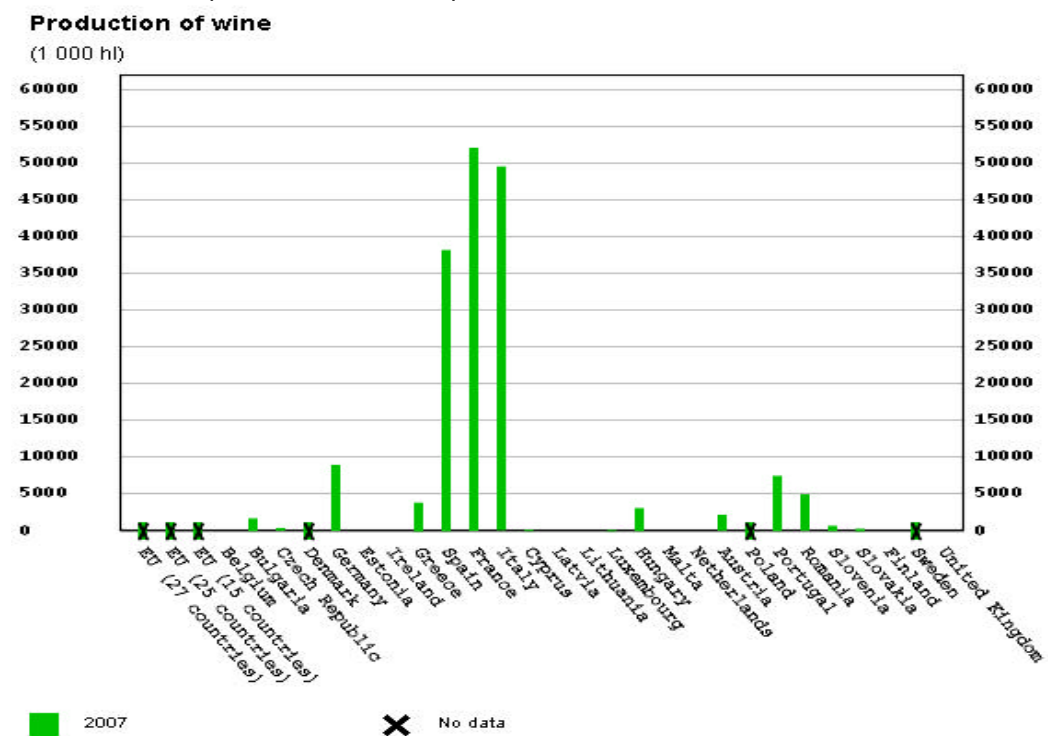
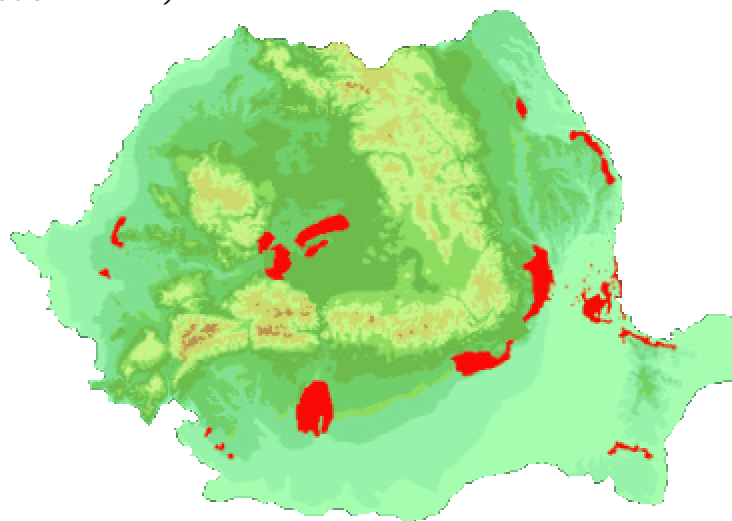


Table 2 –Wine production in Europe (Source EUROSTAT)



Romanian vineyards are geographically located in 8 regions made up of a total of 37 vineyards. In Table 3 are represented the main areas under vines devoted to wine-grape production. The EU granted Romania a transition period which ends on December 31, 2014 for removing prohibited hybrid varieties, cultivated on an area of 30,000 hectares, and for replanting vine varieties accepted by EC. This will generate additional costs related to establishing new vineyards. For the period of 2008-2009 (the wine year begins on August 1, 2008 and ends on July 31, 2009), 42 million Euros in EU funds are allocated to the wine sector. In total, Romania will receive EU assistance consisting of 290 million Euros during the transition period 2009-2015.

*Table 3 – Main vineyard areas in Romania (Source: Wine Exporters and Producers Association - WEPA)*



### Production Subcategory

Romanian viticulture has some of the most favorable microclimates. The contradiction is that most of these areas are best suited for red wine production, but Romania produces mainly white wines, primarily to satisfy domestic market demand. The situation will change, as the international market requires mostly red wines.

Within the 8 wine areas and 37 vineyards, the branded wines produced are the following:

1. White wines: Feteasca Alba, Feteasca Regala, Grasa de Cotnari, Tamaioasa Romaneasca, Francusa, Sarba, Zghihara de Husi (Romanian brands), and Pinot Gris, Sauvignon, Traminer, Italian Riesling, Aligote
2. Red wines: Feteasca Neagra, Babeasca Neagra, Novac (Romanian brands), Cabernet Sauvignon, Merlot, Pinot Noir, Burgund
3. Rose wines: Busuioaca de Bohotin (Romanian brands)

Table 4 below presents a list with types of grapes cultivated for wine production in Romania. Some are cultivated in large areas, while others are cultivated on relatively limited areas. There are some varieties that have good chances of expanding, such as Columna, Blauerzweigelt or Syrah, and also some types that will not be cultivated, such as Cabernet Franc, Riesling de Rhin, Silvaner, Neuburger and possibly even Malbec.

Table 4 – Types of grapes cultivated for wine production in Romania (Source: Wine Exporters and Producers Association – WEPA)

Types of grapes		Wine Brand		
		High Quality Wines	Quality Wines	Table wines
Grapes for White wines	Largely cultivated	Chardonnay Sauvignon Pinot Gris Grasa de Cotnari Feteasca Alba Traminer rose Tamaioasa Romaneasca Muscat Ottonel Busuioaca de Bohotin	Riesling italian Feteasca Regala Francusa Aligote Furmint Sarba	Galbena de Odobesti Zghihara de Husi Mustoasa de Maderat Iordana Creată Majarca Alba Rkatiteli Saint Emilion
	More recently introduced		Cramposie selected Columna Aromat de Iasi Ozana Alidor Donaris Furmint de Minis Ezerfurtu	Babeasca gri Miorita Brumariu
Grapes for Red wines	Largely cultivated	Feteasca Neagra Cabernet Sauvignon Pinot Noir Merlot	Burgund Cardaca Babeasca Neagra	Oporto Alicante Bouschet Rosioara Sangiovese Aramon
	More recently introduced		Blauerzweigelt	Codana Pandur Haiduc Purpuriu Novac

### Consumption

Annual Romanian wine consumption per capita is around 30 liters, compared with 59 liters in France and 47 liters in Spain. Romania is classified as middle consumption country among EU countries.

Of the 30 liters consumption per inhabitant, 2-3 liters are branded wines purchased from supermarkets.

## Consumption Subcategory

The wine sector represents 6.1% of the total beverages market, in which the leader remains beer. However, wine purchases grew by 13.2% between January and June 2006, as per MERMB Research Company data. Preferred types of wine are Riesling, Grasa de Cotnari, Pinot Noir, Sauvignon Blanc and Cabernet Sauvignon. Data on popular types of wine in Romania provided by the same company shows that white wine is the most popular, semi-sweet followed by semi-dry reds are next in popularity. Wine sales in hotels and restaurants have declined to 30.2% in the period August 2006 – June 2007.

*Tables 5 and 6 – Consumer preferences, wine types (Source MEMRB Research Company)*

Category	% of total value	% of total volume
White wine	67.5	71.5
Red wine	32.3	28.0
White/Red wine	0.2	0.5

Category	% of total value	% of total volume
Semi-sweet	40.6	44.8
Semi-dry	28.8	27.2
Dry	16.2	11.9
Sweet	7.7	4.5
Unspecified	4.6	10.7
Sweet special	1.9	0.5
Promo pack	0.2	0.3

## Packaging

Market segmentation based on packaging preferences shows that 0.75 liter bottles are the leader with 70% market share, a slight decline over 2006. A small decrease was recorded also for PET package, from 14.4% in 2006 to 13.8% in 2007, while 85.6% of consumers prefer glass bottles (See Table 7).

Romanians prefer white wine, and semi-sweet bottled wine in 0.75 liter bottles. There is an upward trend in demand for wines sold in 2-liters bottle.

*Table 7 – Consumer preferences in terms of packaging in 2007-Glass vs. PET (Source: MEMRB Research Company)*

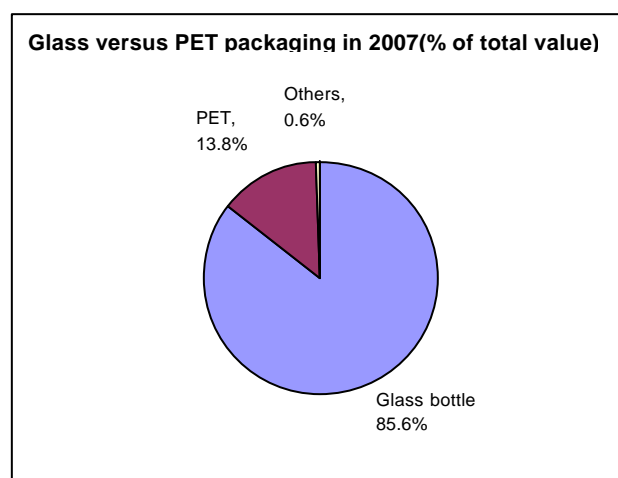


Table 8 – Consumer preferences, packaging-August 2006-June 2007  
(Source: MEMRB Research Company)

Package category (liters)	% of total value	% of total volume
0,7-0,75 L	71.7	41.5
2 L	13.4	38.4
1,5 L	7.2	7.6
1 L	5.6	9.7
3 L	1.2	1.4
Up to 0,5 L	0.5	0.9
5 L	0.1	0.9
Other	0.1	0.2

Table 9 – Consumer preferences, packaging - 2007 vs. 2006  
(Source: MEMRB retail Tracking Services)

Package category (liters)	% of total value 2006	% of total value 2007
Under 0.5	0.4	0.5
0.7-0.75 L	72.1	71.8
1 L	6.2	5.2
1.5 L	6.4	7.6
2 L	13.3	13.2
2.5 L	N/A	0.0
3 L	1.0	1.2
5 L	0.6	0.4
Other packages	0.1	0.0

## Trade

Romania as a new EU member state adopted the EU trade regime. Import duties for all products are listed in the customs tariff online database by [European Commission, Taxation and Customs Union](#).

According to Romanian Wine Producers and Exporters Association (APEV), wine imports have declined during first half of 2007 by 27%, but still the total 2007 imports were still twice the value of exports. Exports reached 11.2 million liters at the end of June 2007, up 35.6% compared with the same period last year.

Imports from Italy (13.2 mil USD), Spain (8.4 mil USD) and France (8.4 mil USD) represent 75% of total imports. The average price for imported wines is 1.02 USD/liter, with lower prices for wine coming from Italy and Spain. The most expensive wines come from Switzerland (105 USD/liter), Austria (31.8 USD/liter), Netherlands (10.5 USD/liter) and France (6.07 USD/liter).



Table 10 –Import statistics table- volume in liters (Source: Romanian Customs)

Romania Import Statistics			
Country of Origin	Volume in Liters		% Change
	2006	2007	2007/2006
TOTAL World	71,332,702	38,865,526	-45%
European Union	23,509,744	35,034,009	+49%
<b>United States</b>	<b>12,312</b>	<b>7,051</b>	<b>-42%</b>

The countries to which Romania exports are Germany, Russia, Estonia, the United States and Italy. The average price for Romanian wine on foreign markets is 1.46 USD/liter. Exceptions were recorded in France and Cyprus where Romanian wine was sold at 19.05 USD/liter and 16.8 USD/liter, but the exported quantities were very limited.

Table 11– Export statistics table- volume in liters (Source: Romanian Customs)

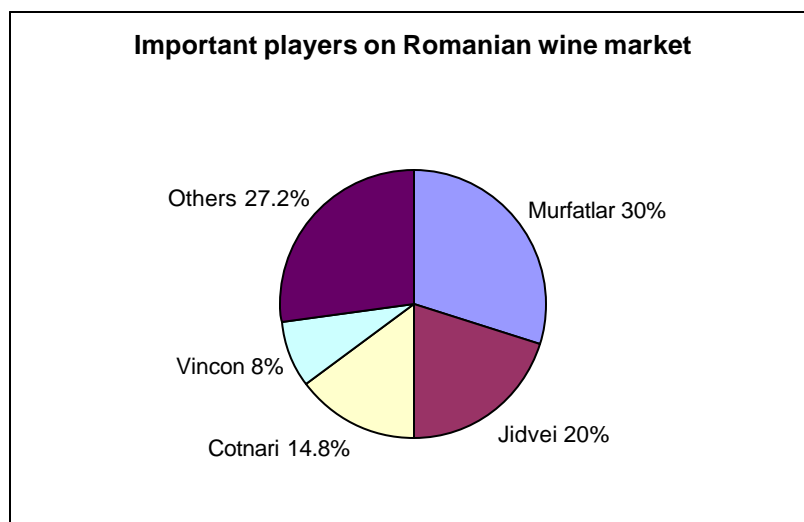
Romania Export Statistics			
Country of Destination	Volume in Liters		% Change
	2006	2007	2007/2006
TOTAL World	18,163,460	14,937,085	-18%
European Union	11,848,916	11,009,351	-7%
<b>United States</b>	<b>1,044,968</b>	<b>466,569</b>	<b>-56%</b>

## Marketing

### Market players and brands

Presently, 72.8% of the market is covered by four big producers; however this situation is fluid as the Romanian market grows and price competition increases. Principal producers are: Murfatlar, Jidvei, Cotnari, Vincon and others (see Table 12).

Table 12 –Romania's largest producers, 2007 (Estimated by Business Standard publication)



The biggest market player, Murfatlar, reported 2007 revenues of 42 million euros and for 2008 they estimate an increase of 15-20%. The most popular types of wine they produce are Feteasca neagra, Cabernet Sauvignon, Pinot Noir and Merlot. The fastest growth was recorded in 2006 for "Lacrima lui Ovidiu", at about 40%. Presently, they are the biggest Romanian exporter, with 15-20% of their production exported to more than 15 countries (Israel, United States, Great Britain, Germany, Finland, Denmark, and Japan).

Jidvei is currently acquiring new vineyards for red wine production. Until last year their production was based on white wines. The company has in its possession around 2000 hectares in Tarnavelor, with production being distributed mainly on the domestic market. This area is well known for varieties of wines such as Pinot Gris, Riesling, Sauvignon, Traminer, Feteasca regala, Feteasca alba.

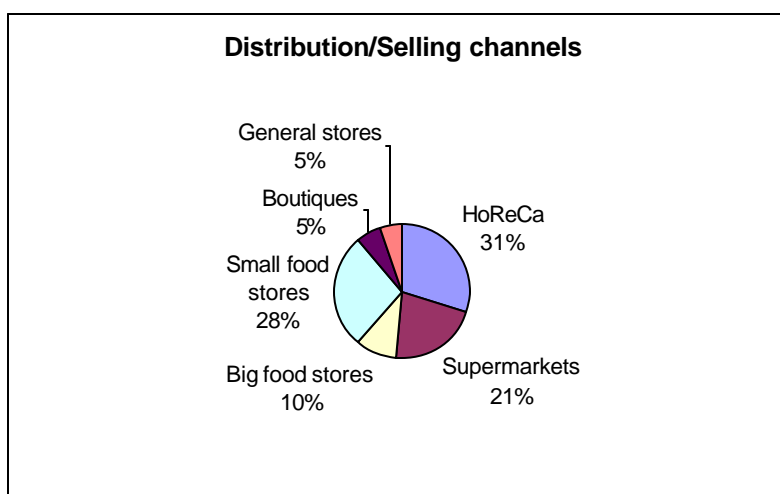
Cotnari estimates 2007 wine production at 60,000 hectoliters. They made a recent 5 million euro investment in new technology for wine production. The company is producing wine made of Francusa de Cotnari, Grasa de Cotnari, Feteasca Alba and Tamaioasa Romaneasca, which are cultivated on 1,800 hectares land. During the next couple of years, Cotnari is going start a grubbing up program to replant about 200 hectares. Cotnari recorded in 2006 a turnover of about 20 million Euros and the figures for 2007 show a 25% increase.

Vincon Vrancea Company has production experience of about 55 years and presently is managing 2,150 hectares vineyards, located in different areas: Panciu, Odobesti, Pietroasa and Husi region. Like other local producers, Vincon is using in wine producing process, the "cooling wine" technology. This technology is offering a surplus of natural aroma and flavor. The best-known Vincon brands are: Beciul Domnesc (premium segment), and Vita Româneasca, Proles Pontica, Cabernet Auslese (medium-priced).

### Distribution/Selling channels

In terms of volume, the biggest wine quantity is distributed through Hotel/Restaurant/Catering (HoReCa) establishments (30.2%), small food stores (28.3%), supermarkets (21%), and big food stores (9.7%), while only 5.4% of wine is sold in general stores and 5.4% in boutiques.

Table 13 –Distribution/Selling channels in value (Source: MEMRB Retail Tracking Services)



## Policy

As of January 1, 2007 Romania transposed into the national legislation the entire set of EU requirements, and harmonized excise duties on alcohol and alcoholic beverages, as per the provisions of [Directive 92/84/CEE](#).

Table 14 –Excise taxes for wines (Source: Romanian Customs)

Product name or product category	Unit	Excise (equivalent euro/ Unit) 2008	Excise (equivalent euro/Unit) 2009	Excise (equivalent euro/Unit) 2010
Still wines	Hectoliter of product	0.00	0.00	0.00
Sparkling wines	Hectoliter of product	34.05	34.05	34.05

Details on tariff rate quotas are available on the Customs and Taxation Services website of the European Commission Taxation and Customs Union at the following link: [http://ec.europa.eu/taxation\\_customs/dds/ro/home.htm](http://ec.europa.eu/taxation_customs/dds/ro/home.htm) section **Quota**.

By EC regulations, it is compulsory that all wine product imports from third countries to the EU be accompanied by import license. When requesting the wine import license, as per regulations of the Ministry of Agriculture – APIA Office, the importer has to deposit an [import guarantee](#) (as per Table 15), which can be a bank guarantee letter or bank transfer to the Romanian Treasury.

Table 15 – Import guarantee for wine products (Source: Romanian Customs)

All wines	1.25 euro/hectoliter of product
Concentrated grape juices and must	2.50 euro/hectoliter of product
Other grape juices and must	1.25 euro/hectoliter of product

In order to maintain a balance between supply and demand, due to overproduction of wine in the EU, the European Council agreed to reform the Common Market Organization for wine (see [EU-27 Wine Reform Report](#)).

## Relevant references

Beginning this year, Romania has a vineyard records system, as the EU requires. Records show analyses done in four laboratories on 70 types of grapes, selected from all over Romania.

For legislative implementation and regulatory control in the wine sector, the following organizations are responsible:

- State Inspection Technical Control of Wine and Vineyards ([ISCTV](#));
- National Office of Wine Names of Origin and other related products ([ONDOV](#)) ;
- National Office of Vineyards and Wine ([ONVV](#));
- Romanian Association of Wine Producers and Exporters ([APEV](#)) ;
- National Inter-professional Organization of Wine and Vineyards ([ONIV](#));
- National Vineyard Growers and Wine Producers Association ([PNVV](#))

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